

Message Text

LIMITED OFFICIAL USE

PAGE 01 VIENNA 06004 01 OF 02 241815Z
ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 W
-----078179 241913Z /45

R 241405Z JUN 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 2270

INOF RUFHJA/AMEMBASSY BERLIN 753

AMEMBASSY BUCHAREST

AMEBASSY BUDAPEST

MOSCOW 6725

PRAGUE 3266

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONSUL LENINGRAD

LIMITED OFFICIAL USE SECTION 1 OF 2 VIENNA 6004

E.O. 11652: N/A

TAGS: ECON, ETRD, ECCE, EENT, AU, US, XH

SUBJECT: BEWT STUDY OF ON-SITE PERSONNEL PROBLEMS OF U.S.
FIRMS IN EASTERN EUROPE AND THE USSR

REF: STATE 127591

1. ALTHOUGH EMBASSY VIENNA IS OBVIOUSLY NOT IN POSITION
TO CONDUCT ON-SITE INTERVIEWS, WE HAVE DISCUSSED
QUESTIONNAIRE WITH MANAGERS OF TWO US FIRMS -- INGERSOLL-
RAND (IR) AND DATA PRODUCTS (DP)-- WHICH MAINTAIN
HEADQUARTERS FOR EAST EUROPEAN OPERATIONS HERE. OUR
PARTICULAR OBJECTIVE WAS TO PROVIDE COMPARATIVE PER-
SPECTIVE FOR WHICH HEADQUARTERS PERSONNEL BEST EQUIPPED.

2. REPLIES TO QUESTIONNAIRE FOLLOW.

(A) GENERAL-NATURE AND VALUE OF CONTRACTS:

IR--20 BIG INSTALLATION CONTRACTS WITH USR;

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENNA 06004 01 OF 02 241815Z

10 CONTRACTS OF \$1 MILLION AND MORE AND 20
LESS THAN \$1 MILLION WITH POLAND; 50 OF LESS THAN
\$1 MILLION WITH CZECHOSLOVAKIA; 20 WITH HUNGARY AVERAGING
\$1 MILLION EACH; GREAT NUMBER OF CONTRACTS
WITH HUNGARY BUT ALL SMALL.
DP--ABOUT 20 O.E.M. LICENSING CONTRACTS FROM
\$10,000 TO \$1 MILLION WITH ALL EASTERN COUNTRIES

INCL. USSR.

EASTERN PARTY:
IR--MOSTLY F.T.O.S.
DP--F.T.O.S.

NUMBER OF PEOPLE:
IR--VARIED WIDELY WITH AVERAGE 3-4 PEOPLE ALL YEAR AROUND.
DP--1 TO 2.
PERIOD OF TIME:
IR-- UP TO 1 YEAR; AVERAGE 3-4 MONTHS.
DP--1 WEEK.
WHERE:
IR--RARELY IN CAPITALS.
DP-- MOSTLY IN CAPITALS.
FUNCTION:
IR-- SPECIALISTS FOR TRAINING OR ASSISTANCE IN

INSTALLATION OR SERVICING OF PREVIOUSLY INSTALLED EQUIPMENT.
DP--SPECIALISTS UNDER TECHNICAL ASSISTANCE PRO-
VISIONS OF LICENSING CONTRACT OR CONSULTANTS SENT
TO MANUFACTURING PLANT DURING NEGOTIATION STAGE.
CONTRACT:
IR & DP-PROVISIONS ON PERSONNEL INCLUDED IN MAIN CONTRACT
AND WERE ADEQUATE.
LIAISON MAN:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 VIENNA 06004 01 OF 02 241815Z

IR-- NO PARTICULAR LIAISON MAN BUT GOOD COOPER-
ATION FROM LOCAL PERSONNEL (EXCEPT ROMANIA); TRANSLATOR
AVAILABLE WHEN NEEDED.
DP--LIAISON MAN AVAILABLE FULL TIME (ALSO ACTING AS
TRANSLATOR).
IR & DP-LANGUAGE CAPABILITIES NO CRITERIA IN PICKING U.S.
EXPERTS FOR ON-SITE JOBS.
(B) ACCOMMODATIONS
IR--CONTRACTUAL PROVISIONS COMPLIED WITH IN ALL
CASES (ROMANIA EXCEPTED). PERSONNEL RECEIVED BEST ACCOM-
MODATIONS AVAILABLE IN AREA CLOSE TO SITE. NO
AIR CONDITIONING OUTSIDE THE BIG HOTELS; HEATING
MAY BREAK DOWN MORE OFTEN THAN IN WEST, BUT EVERY-
THING IS DONE TO SATISFY NEEDS OF FOREIGNERS. BULGARIAN
ACCOMMODATIONS SOMETIMES TERRIBLY DIRTY.
ROMANIANS FORGOT CONTRACT CALLED FOR ACCOMMODATIONS
AND AT LAST MINUTE HAD TO PROVIDE EMERGENCY QUARTERS.
DP--CONTRACTUAL PROVISIONS FULLY COMPLIED WITH. USUALLY
PROVIDED SINGLE ROOMS IN HOTELS WITH BATH
OR SHOWER. NO PROBLEMS WITH HEATING AND AIR
CONDITIONING. STANDARD HOTEL FURNITURE. TRANS-
PORTATION PROVIDED IF HOTEL FAR FROM SITE.

(C) MEALS

IR--IN MOST CASES PERSONNEL ATE IN RESERVED ROOMS
AT NEARBY RESTAURANTS OR INNS ALSO USED BY LOCAL WHITE
STAFF BUT OFFLIMITS TO LOCAL BLUE COLLAR
WORKERS. NO NEED TO BRING IN FOOD FROM AUSTRIA
OR USA. SEPARATE FACILITIES ONLY PROVIDED IN CASE
OF BIG PROJECTS SUCH AS KAMA.
DP--USED EXISTING RESTAURANTS CLOSE TO SITE.
DUE TO SHORT PERIOD OF STAY OTHER QUESTIONS NOT APPLICABLE.

(D) SALARIES AND PER DIEM. CONTRACT PROVISIONS:

IR--VARIABLE.

DP-- CONTRACT COVERS SALARIES (HARD CURRENCY), PER DIEM,
HOTEL AND TRANSPORTATION

PER DIEM:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 VIENNA 06004 01 OF 02 241815Z

IR-- IN USSR RUBLES 13 IS STANDARD FOR ALL PERSONNEL
AND MORE THAN ADEQUATE.
DP-- ADEQUATE.

POSSIBILITY OF CONVERSION:

IR & DP--NONE. DP MAINTAINS LOCAL CURRENCY

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 VIENNA 06004 02 OF 02 241650Z

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 W

-----077273 241915Z /45

R 241406Z JUN 77

FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 2271
INFO AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMCONSUL LENINGRAD

LIMITED OFFICIAL USE SECTION 2 OF 2 VIENNA 6004

ACCOUNTS AT LOCAL BANKS; PERSONNEL MAY PAY INTO THEIR ACCOUNTS UP TO 50 PERCENT OF PER DIEM AND ARE REFUNDED HARD CURRENCY BY COMPANY. DP USES ACCOUNT FOR NON-CONTRACTUAL TRAVEL EXPENSES.

TRANSPORTATION COSTS:

IR -- FIRM COVERS TRANSPORTATION TO CAPITAL AND HOST COUNTRY IS RESPONSIBLE FOR LOCAL TRANSPORTATION. HOWEVER IR OFTEN PREFERS TO RENT CARS OF THEIR OWN.

SPECIAL BANKING ARRANGEMENTS:

IR & DP -- NONE.

(E) MEDICAL AND DENTAL CARE. CONTRACT PROVISIONS:

IR -- LOCAL DENTIST USED IN USSR. FAST AND GOOD WORK. NO CHARGE. MEDICAL ATTENTION GIVEN TO THE UTMOST.

DP - NONE.

EXIT VISA:

IR & DP -- NO PROBLEM.

(F) LEISURE. CONTRACT PROVISIONS:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENNA 06004 02 OF 02 241650Z

IR & DP - NONE.

AVAILABLE ACTIVITIES:

IR & DP-LOCAL FACILITIES OPEN TO FOREIGNERS; IN USSR

"WATCHDOG" ACCOMPANIED SIGHTSEEING EXCURSIONS; CERTAIN AREAS WERE OFF-LIMIT IN USSR AND GDR. LITTLE SOCIALIZING IN USSR: NO PROBLEM IN OTHER COUNTRIES.

(G) COMMUNICATIONS AND CUSTOMS. BUSINESS COMMUNICATIONS:

IR -- ARRANGED FOR VIENNA OFFICE TO CALL AT CERTAIN HOUR OF DAY. INCOMING COMMUNICATIONS WERE NORMAL. OUTGOING LONG-DISTANCE CALLS TAKE HOURS, IF THEY GET THROUGH AT ALL.

DP -- USES HOTEL TELEX AND PHONES; REPORTS NO PROBLEMS.

PERSONAL BELONGINGS:

IR & DP -- NO SPECIAL ARRANGEMENTS; ALL COUNTRIES ALLOW DUTY-FREE IMPORT OF PERSONAL BELONGINGS BUT FOOD MAY BE BROUGHT IN DUTY FREE ONLY IN QUANTITIES FOR THREE DAYS.

CUSTOMS:

IR -- DURING PAST 20 YEARS NO PROBLEMS. AUSTRIAN EMPLOYEES OF US COMPANIES MAY EXPERIENCE DELAYS IN CLEARANCES DUE TO SUSPICION OF SMUGGLING; AMERICANS HAVE NOT.

DP -- NO PROBLEMS.

(H) R AND R

IR -- AFTER 3 MONTHS PERSONNEL ARE GIVEN R AND R LEAVE AT COMPANY EXPENSE. R AND R NOT COVERED IN CONTRACT. NO VISA PROBLEMS, BUT GENERALLY IN USSR USCITS WORKING FOR US COMPANIES (AND AUCSITS WORKING FOR AUSTRIAN COMPANIES) WERE GRANTED MULTIPLE ENTRY VISAS WHILE AUCSITS WORKING FOR US COMPANIES GOT

SINGLE ENTRY VISAS ONLY. THERE WAS NO DIFFICULTY OBTAINING THESE
IN NUMBER REQUIRED, HOWEVER.
DP -- NOT APPLICABLE

(I) WORKING CONDITIONS. CONTRACTUAL PROVISIONS:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 VIENNA 06004 02 OF 02 241650Z

IR & DP -- NONE SINCE CONTRACTS WERE PROJECT ORIENTED. ACTUAL
WORKING CONDITIONS VARY BUT ARE SATISFACTORY IN GENERAL.
QUALIFICATION AND COOPERATION:
IR -- LOCAL WORKERS ARE VERY COOPERATIVE EXCEPT IN ROMANIA.
LOCAL TRAINEES AND ENGINEERS VERY QUALIFIED; TRAINING PROGRAMS
COMPLETED FASTER THAN ANTICIPATED. ROMANIA SABOTAGED WORK TO
DELAY COMPLETION AND COLLECT PENALTY FEE; NO PROBLEMS ELSEWHERE.
DP -- GOOD COOPERATION. DIFFICULTIES IN COMMUNICATION WERE NOT
LANGUAGE PROBLEMS BUT INHERENT IN SYSTEM OF SPLIT RESPON-
SIBILITY BETWEEN MANUFACTURING ENTERPRISE AND F.T.O.

(J) TRAVEL
SEE LEISURE AND R AND R.

(K) OTHER. INSURANCE:
IR & DP -- COMPANY TAKES OUT SPECIAL INSURANCE FOR ASSIGNED
PERSONNEL COVERING ILLNESS, ACCIDENTS, ETC.
OTHER PROBLEMS:
IR & DP - NONE REPORTED.
TAX:
IR -- NO TAX ON SALARIES EXCEPT IN ROMANIA.
DP -- NO TAX IN USSR, OTHER COUNTRIES BELIEVED TO HAVE TAXES
BUT DON'T COLLECT; ROMANIA COLLECTS TAX ON DAILY FEE AND
ROYALTIES, PAYABLE IN HARD CURRENCY.

(L) DEPENDENTS.
IR -- NO PROBLEMS FOR VISITING OR ACCOMPANYING DEPENDENTS
EXCEPT USSR MAY NOT GRANT VISA. USUALLY IR PERSONNEL LEAVE
FAMILIES IN WEST.
DP -- NOT APPLICABLE.

(M) COMPANY OFFICES
IR -- OFFICE SPACE AND ACCOMMODATIONS IN MOSCOW DIFFICULT TO
FIND. IN POLAND SUITABLE OFFICES AND FLAT FOUND WITHIN ONE
MONTH. SITUATION IN CZECHOSLOVAKIA CONSIDERED SIMILAR TO POLAND.
DP -- HAS NO OFFICES. MEEHAN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 VIENNA 06004 02 OF 02 241650Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONNEL, BUSINESS FIRMS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977VIENNA06004
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770227-0085
Format: TEL
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770619/aaaaaqjm.tel
Line Count: 277
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cedb7e76-c288-dd11-92da-001cc4696bcc
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 127591
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2033157
Secure: OPEN
Status: NATIVE
Subject: BEWT STUDY OF ON-SITE PERSONNEL PROBLEMS OF U.S. FIRMS IN EASTERN EUROPE AND THE USSR
TAGS: ECON, ETRD, BGEN, EEWT, AU, US, XH
To: STATE BERLIN
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/cedb7e76-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009